

## AIRLINE REVENUE PLANNING AND FORECASTING SYSTEM AND METHOD

### ABSTRACT

A system and method for estimating airline demand includes (1) accessing capacity data for a previous N years at a Point of Sale (POS) level, time period level and an Origin and Destination (O&D) level, (2) accessing flown data for a previous M years at the POS level, time period level, and O&D level, (3) accessing capacity data for a forecasting period that extends beyond a time when reservation information is available (e.g., beyond twelve months), (4) calculating at least one of actual growth factor and market growth factor, (5) deriving an effective growth based on the flown data, the capacity data for the previous N years, the capacity data for the forecasting period and the at least one of the actual growth and the market growth, and (6) generating a passenger demand forecast for a budget year based on the effective growth. The time period level is any of daily, weekly, or monthly. The capacity data includes compartment level data. The flown data includes compartment level data. A set of weighting factors may be applied to the flown data and the market data to derive the at least one of actual growth and market growth. The weighting factors may include seasonality factors. Previous year's capacity is compared to budget year capacity. In one embodiment,  $N = M$ . In some cases,  $N = 1$ . Average fares (yield) for the budget year are also estimated.

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